

Message Text

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ACTION EUR-12

INFO OCT-01 AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 L-03 H-01 PA-01 PRS-01 ITC-01 ISO-00 /088 W
-----231929Z 009918 /40

R 231904Z MAY 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 3098
INFO USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 15177

DEPARTMENT PASS OMB

E.O. 11652: GDS
TAGS: ECON FR US
SUBJECT: CALL ON PRIME MINISTER BARRE BY OMB DIRECTOR
LANCE

SUMMARY: ON MAY 21, PRIME MINISTER RAYMOND BARRE RECEIVED OMB DIRECTOR BERT LANCE FOR A 50 MINUTE DISCUSSION OF ECONOMIC PROBLEMS FACING FRANCE AND THE US. BARRE REFERRED REPEATEDLY TO HIS UNDERLYING ANALYSIS AND PHILOSOPHY OF FRENCH ECONOMIC DEVELOPMENT, TO THE DIFFICULTIES FRENCH BUSINESSMEN HAVE UNDERSTANDING HIS FRAME OF REFERENCE, TO THE VITAL IMPORTANCE OF EXPANDING INTERNATIONAL COMMERCE, AND TO COMMON US-FRENCH ECONOMIC PROBLEMS. END SUMMARY.

1. IN A LONG AND EXCEPTIONALLY FRIENDLY MEETING WITH DIRECTOR OF OMB, PRIME MINISTER BARRE SPOKE FRANKLY OF MANY SUBJECTS ON HIS MIND AT PRESENT. HE SUMMARIZED BRIEFLY HIS VIEW OF LAST 30 YEARS OF FRENCH ECONOMIC DEVELOPMENT, STRESSING HEAVY INVESTMENT IN MODERNIZATION FROM 1945 TO 1960, THE SUBSEQUENT DELIBERATE

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OPENING TO INTERNATIONAL COMPETITION, AND FRANCE'S NEW ROLE AS A MAJOR EXPORTER. BARRE EMPHASITICALLY ENDORSED IMPORTANCE OF AVOIDING PROTECTIONISM AND OF EXPANDING INTERNATIONAL COMMERCE, SUGGESTING THAT US AND FRENCH INTERESTS WERE VERY CLOSE.

2. BARRE DESCRIBED HIS PAST DIFFICULTY GETTING

FRENCH BUSINESS LEADERS TO ACCEPT FACT THAT HIGH INTEREST RATES WERE PART AND PARCEL OF HIGH INFLATIONARY PERIOD. HE FELT THAT HE HAD RECENTLY MADE PROGRESS IN RALLYING FRENCH BUSINESSMEN TO SUPPORT OF HIS ECONOMIC PLAN.

3. BARRE DWELT ON PROBLEM OF UNEMPLOYMENT, NOTING THAT DESPITE OVER ONE MILLION UNEMPLOYED, FRANCE HAD "QUASI-FULL EMPLOYMENT." NEARLY HALF OF THE UNEMPLOYED ARE WOMEN, WHOSE JOB HUNTING IS A NEW SOCIOLOGICAL PHENOMENON, WHILE MOST OF THE REST ARE UNTRAINED TEENAGERS. HE DEPLORED PAUCITY OF RESULTS WHICH GOVERNMENT EFFORTS TO PROVIDE EMPLOYMENT FOR YOUTH HAD PRODUCED, BUT PROMISED TO KEEP TRYING. BARRE NOTED WITH SOME PRIDE THAT FRANCE HAS RETAINED ITS TWO MILLION IMMIGRANT WORKERS RATHER THAN EXPORTING THEM AS GERMANY AND SWITZERLAND HAD DONE.

4. ON IMPORTANCE OF FOREIGN COMMERCE, BARRE ALLUDED TO RECENT INTERVIEW WITH HOBART ROWAN OF WASHINGTON POST, NOTING ROWAN HAD TROUBLE BELIEVING FRANCE NOW EXPORTS 20 PER CENT OF ITS OUTPUT. BARRE NOTED THAT DEVELOPING COUNTRIES NOW IN TAKE-OFF STAGE, SUCH AS BRAZIL, ARE NOT PLAYING THE INTERNATIONAL TRADE GAME FAIRLY. HE COMPLAINED OF PRESERVATION BY SUCH COUNTRIES OF PROTECTIONIST DEVICES NOTWITHSTANDING THEIR DEVELOP-

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SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 15177

MENT. HE SUGGESTED THAT US AND FRANCE SHOULD EXPLORE BILATERALLY WAYS TO CREATE NEW RULES OF WORLD TRADE, WHICH COULD OPEN DOOR TO ERA OF EVEN BROADER TRADE IN 1980S AND 90S.

5. BARRE NOTED EXCELLENT RELATIONSHIPS ESTABLISHED BETWEEN CHIEFS OF STATE AND HEADS OF GOVERNMENT AT LONDON SUMMIT AND THE GREATER SENSE OF INTERDEPENDENCE THAT RESULTED.

6. BARRE MENTIONED HIS MANY CLOSE FRIENDS IN HIGH LEVELS OF US GOVERNMENT AND INDUSTRY, CITING PARTICULARLY MESSRS. BERGSTEN, COOPER AND HARTMAN, WHOSE IMMINENT ARRIVAL AS AMBASSADOR HE WELCOMED. IN HIS HEARTY ENDORSEMENT OF VITAL IMPORTANCE OF INTERNATIONAL COMMERCE, BARRE STATED THAT MOST IMPORTANT ASPECT OF COMMON MARKET WAS THE PSYCHOLOGICAL SENSE OF IDENTITY AND INTERDEPENDENCE IT HAD CREATED. HE EXPRESSED STRONG HOPE THAT THIS EXPERIENCE COULD BE EXTENDED EVEN MORE WIDELY THROUGHOUT THE INDUSTRIALIZED WORLD.

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7. COMMENT: BARRE WAS IN EXCELLENT AND EXPANSIVE FORM AND RESPONDED WITH WARM APPRECIATION TO LANCE'S CONGRATULATIONS ON HIS SUCCESSFUL TELEVISION DEBATE WITH MITTERRAND.

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